



## MEDL Mobile, Inc. (OTCBB: MEDL)

April 4, 2013  
Target Price: \$2.00  
Recent Price: \$0.37

### Market Data

Fiscal Year	December 31
Industry	Mobile
Market Cap	\$16.4M
Price/Earnings (ttm)	N/A
Price/Book (mrq)	204.6x
Price/Sales (ttm)	4.7x
EBITDA (ttm)	(\$3.3M)
ROE (ttm)	N/A
Institutional Ownership	0.0%
Shares Outstanding	44.3M
Float	22.8
Avg. Daily Vol. (3 mos.)	211,509

### Income Snapshot

	TTM	YoY Change
Revenue	\$3.4M	49.1%
Gross Profit	\$1.1M	-0.9%
Gross Margin	32.5%	-16.4pts
Operating Loss	-\$3.3M	N/A
Operating Margin	N/A	N/A
Net Loss	-\$2.8M	N/A
Net Margin	N/A	N/A

### Balance Sheet Snapshot

	4Q12
Cash	\$0.1M
NC Working Capital	-\$0.3M
Debt	\$0.0M
Book Value/Share	\$0.00

## Rapidly expanding user base and launch of high-growth “Hang w/” application expected to generate substantial upside for MEDL.

MEDL Mobile, Inc. (“MEDL” or the “Company”) develops, acquires and publishes a growing library of mobile applications that perform specific functions for users on the Apple and Android platforms. User analytics from MEDL’s expanding apps library are collected by the Company’s **Mobile Brain**, which processes user data in order to create better distribution and monetization of mobile applications.

MEDL has also designed a growing suite of tools to help developers better market and monetize their mobile applications. Additionally, the Company licenses its technology and performs custom development for key clients such as Monster.com, The New York Times, Teleflora, Telefonica and Medtronic, allowing the Company to grow its overall library of technology, greatly extending the potential reach of its **Mobile Brain**. MEDL also enters into partnerships to mobilize and monetize IP with such notable names as Encyclopaedia Britannica, MTV’s Pauly D, Cheech & Chong, Rampage Jackson and Marlee Matlin. MEDL is establishing a business model in which it expects to generate multiple revenue streams, including development fees, download and in-app purchases, advertising, sponsorship and licensing of technology.

## Investment Highlights

**Monthly Active Users (MAU) up 861% YoY; Daily Active Users (DAU) up 708% YoY.** MEDL reported its MAUs increased to an average of 754,286 in 2012, an 861% increase YoY, and its DAUs increased to an average of 45,194 in 2012, an increase of 708% YoY. As MEDL shifts the Company’s focus more towards internal development of original apps (such as Hang w/) and acquisitions of third-party apps, its MAUs and DAUs should continue to increase. Additionally, as the mobile market continues to grow, translating users to revenues and profits should become easier.

**Hang w/ projected to earn \$45 million in revenue, \$16.5 million in gross profit in FY14.** Hang w/, a platform which allows live real-time video to be sent from one phone to many phones, was recently launched in a closed beta to thousands of users. Hang w/ has launched on iOS and will be available on Android in 2Q13. The app is designed to be something users use over and over again, thus



creating a recurring revenue stream for the Company. The project has been in development over 2 years, and MEDL expects this app to be its #1 revenue and profits driver going forward. The Company has projected approximately \$5 million in revenue from Hang w/ in FY13 and approximately \$45 million in revenue and \$16.5 million in gross profit in FY14.

**Numerous MEDL apps have reached #1 in the Apple app store.** MEDL has proven its ability to create quality apps, with many of the Company's apps reaching the top 20 of the Apple and Android app stores, with several apps that have reached #1 in the Apple app store, proving MEDL's ability to create great apps. As mobile monetization strategies become clearer, MEDL should be able to translate its superb mobile app development capabilities into larger, more robust, and more consistent revenue streams.

**Custom development division provides consistent revenue stream and builds relationships with top celebrities and brands.** Currently, the custom development division makes up the majority of MEDL's revenue stream (70% of total revenue in 3Q12), providing income that has helped MEDL develop other, potentially larger, sources of revenue and income. Additionally, the custom development of apps has allowed MEDL to forge relationships with top celebrities, including Marlee Matlin, Sarah Silverman, Cheech and Chong, DJ Pauly D, and others. The development of these relationships should help when the Company is developing new apps, such as Hang w/. Additionally, MEDL has completed custom app development work for many major brands, including Verizon, Taco Bell, The New York Times, Telefonica, and others.

## Market

**Global Industry Analysts project mobile market to reach \$101 billion by 2017, up from \$6.8 billion in 2010.** Mobile app market growth is expected to be driven by greater downloads of mobile apps (Gartner projects an increase from 17.7 billion downloads in 2011 to over 108 billion downloads in 2015), increasing amounts of mobile devices (IDC forecasts the mobile device market to reach 2.6 billion units worldwide by 2016), and a larger part of company advertising budgets moving toward mobile advertising (a recent survey from StrongMail stated that 33% of companies polled planned to allocate more of their budget to mobile devices and 39% said that a greater focus in mobile would go toward app-based advertising). Additionally, the "MEDL Brain", over time, is expected to be used as an increasingly powerful tool to reach users with relevant and targeted apps and ads. As the market continues to grow, improved results should be seen for mobile based companies, including MEDL.



### **Other Industry Facts:**

- According to Forrester Research, mobile is the single most transformational technology since the creation of the Internet.
- 419.1 million mobile devices were sold in Q1 2012\*.
- Smartphone sales reached 144.4 million units sold in Q1 2012, up 44.7% year-over-year\*.
- 56 million tablets purchased worldwide in 2011; expected to reach 375 million in 2016—a CAGR of 46%\*\*.
- Mobile app revenue forecasted to reach \$54 billion in 2015\*\* and \$101 billion in 2017\*\*\*.

Source: \* Gartner \*\* Forrester Research \*\*\* Global Industry Analysts, Inc.

## **Products & Services**

### **Hang w/ Platform**

Hang w/ is the first live mobile video broadcast service for celebrities and fans, monetized through pre-roll and post-roll advertising. It enables celebrities to live-stream video to millions of fans while getting paid for every viewer who tunes in. Unlike Twitter or Facebook, where sponsor integration means a static “tweet” or “like,” Hang w/ allows celebrities to integrate a sponsor into their live video. Hang w/ also offers custom integration for premium sponsors including brands with a team of sponsored athletes, musicians and celebrities or companies with representative talent. MEDL expects \$5 million and \$45 million in fiscal 2013 and 2014 revenues, respectively.

### **MEDL Library & Recommendation / The MEDL Brain**

The biggest challenge facing apps is discovery. Nearly one million apps are available today, and new apps are launched daily. With the immense size of the market, consumers need an easier way to discover new apps and relevant mobile content. MEDL has solved this challenge with the introduction of its proprietary MEDL Brain.

The MEDL Brain gets to know users based on the types of apps they use, where they use them, when they use them, and how often they use them. The MEDL Brain, using scientific algorithms, can then make expert recommendations to the user from the MEDL Library. Users will be able to stop searching, and the apps they want can start finding them. Recommendations are based upon a metric called a Mobile Lifestyle.



Based on a user's Mobile Lifestyle, the MEDL Brain can actively recommend new apps and get smarter over time. The MEDL API, the Company's proprietary technology that powers the MEDL Brain, is expected to allow advertisers to "take over" individual apps or clusters of apps for a deep level of integrated brand engagement. The API is patent pending, has been successfully deployed and is currently collecting millions of data points.

### **Custom Development**

MEDL Mobile is able to drive millions of app downloads through the Company's Custom Development Division, which works to develop and execute mobile strategies for some of the world's most recognized brands. Not only does this strategy allow MEDL to leverage the marketing prowess and budgets of its clients and partners, it also has the potential to create high-margin revenues and client-sponsored R&D.

### **Incubation & Partnerships**

The MEDL App Incubator has generated more than 85,000 submissions from individuals, companies and institutions who have submitted their idea for a mobile app to MEDL. Incubator apps are funded and owned by MEDL with a percentage of post-profit revenues shared with the ideator.

MEDL Mobile is also partnered with some of the world's most famous people, organizations and holders of intellectual property - thereby gaining access to valuable technologies, fan bases, marketing initiatives and expertise. In many cases, partners cover all or a portion of development costs. Partnerships include:

***Encyclopaedia Britannica, MTV's Pauly D, Cheech & Chong, Rampage Jackson, Sarah Silverman, and Marlee Matlin***

**MEDL Alliance** - MEDL has begun an aggressive roll-up strategy that capitalizes on the fact that developers are having problems with discovery. Developers are spending significant resources to create apps, only to face the even greater hurdle of breaking through the clutter. MEDL believes the app marketplace is an ocean of distressed IP, begging to be aggregated. By leveraging MEDL Mobile's reputation as a trusted custom developer and app marketing powerhouse, MEDL believes it can quickly roll up a diverse catalog of quality apps. The solution is a win-win. MEDL grows the library, and developers can finally generate revenue from their app investment.



## **Management**

### **Andrew Maltin, CEO**

Mr. Maltin has served as CEO and director since June 2011. Mr. Maltin co-founded MEDL in March 2009. Prior to founding MEDL, Mr. Maltin served as the CEO of Momentum Gaming, Inc., where he led the company's marketing, business development and technology efforts to build a world-class online gaming infrastructure that both operated independently and licensed its technology to several of the world's leading gaming sites. He has been featured in Entrepreneur, 944, Success, The Wall Street Journal and The L.A. Times. He holds a Bachelor of Arts degree in Marketing from California State University, Northridge, and an Entrepreneurial Degree from the University of Southern California.

### **David Swartz, President**

Mr. Swartz has served as President, Secretary and director since June 2011. He co-founded MEDL in March 2009 and has served as MEDL's creative director since its inception. From 1999 until 2007, Mr. Swartz was at DGWB Advertising, named by Creativity Magazine as one of the top 20 Creative Agencies in the U.S. At DGWB, where Mr. Swartz was creative director for six years, he led strategic and creative marketing efforts for regional and national advertising accounts in a variety of industries such as publishing, banking, multi-unit retail, fast food, healthcare and technology. Mr. Swartz holds a Bachelor of Science in Communications from Boston University.

### **Murray Williams, CFO**

Murray Williams was one of the founding members of Buy.Com, Inc. and was its Chief Financial Officer during a three-and-a-half-year tenure in which Buy.com sold over \$1 billion in products. Buy.com was the fastest-growing company in the world, with sales of \$125 million in its first year of operations. Mr. Williams created, developed and managed the finance, accounting, legal, business development and human resource departments, raised \$225 million in private funding, took the company public with a \$2 billion valuation and managed Buy.Com's expansion into Europe, Canada and Australia.

Mr. Williams last served as the Chief Financial Officer, Treasurer and Secretary of GTX Corp., a public company engaged in the commercialization of miniaturized assisted GPS tracking and cellular location-transmitting technologies. From 2001 to 2008, he served as an independent consultant and interim CFO for various public companies in the technology industry.

Prior to Buy.com, Mr. Williams was employed with KPMG Peat Marwick, LLP,



and last served as a Manager in their assurance practice, where he managed a team of over 20 professionals specializing in financial services. He has helped take seven companies public since February 2000. Mr. Williams received his CPA license in 1995 and received degrees in both Accounting and Real Estate from the University of Wisconsin-Madison in 1992. He has served on the board of directors of various public companies as the Audit Committee Chairman.

## Valuation Conclusion

MEDL PEER COMPARISON

Name	Ticker	Price	52 - Wk High	52 - Wk Low	Market Cap (M)	P/E (ttm)	P/S (ttm)	Fwd. P/S	P/B (mrq)	P/FCF (ttm)	Rev. (ttm)	Rev. Per Share (ttm)	Fwd. Revs.
Augme Technologies	AUGT	0.40	2.38	0.271	46.43M	N/A	1.7x	1.0x	0.9x	N/A	23.7	0.24	50.6
Glu Mobile	GLUU	2.69	5.90	1.99	179.35M	N/A	1.9x	1.9x	3.9x	N/A	87.5	1.36	94.5
Zynga	ZNGA	3.34	12.70	2.09	2.62B	N/A	1.8x	2.3x	1.0x	22.9	1281.3	1.73	1070.5
<b>Median</b>							<b>1.8x</b>	<b>1.9x</b>	<b>1.0x</b>				
<b>MEDL Mobile</b>	<b>MEDL</b>	<b>0.37</b>	<b>1.07</b>	<b>0.07</b>	<b>16.4M</b>	<b>N/A</b>	<b>4.7x</b>	<b>1.7x</b>	<b>N/A</b>	<b>N/A</b>	<b>3.4</b>	<b>0.08</b>	<b>9.5</b>

As of April 3, 2013

Source: Bloomberg, RedChip Estimates

MEDL has many potential growth drivers, including the pending full launch of Hang w/, an application that, if executed properly, could be the next major mobile app, and one that could be used again and again by users, creating strong recurring revenue for MEDL. In addition to Hang w/, additional growth drivers include the ability to drive more targeted ads to users using the MEDL “Mobile Brain”, which should drive increasing advertising eCPMs over time, and the Company’s rapidly expanding app library and user base, which will add to overall value. Additionally, as advertisers better understand the value proposition available through mobile advertising, we believe that greater ad revenues per user will be obtained, a point that we believe is further driven by Forrester Research’s estimate of the mobile market value expanding from \$6.8 billion in 2010 to \$101.0 billion in 2017. Early movers in this space have a chance to establish themselves prior to a potentially massive industry expansion.

Using management’s estimate of \$45 million in revenue from Hang w/ in FY14, and adding to that an additional \$11 million in revenue from other MEDL apps and \$4 million in custom development revenue, the Company could be projecting \$60 million in revenue in FY14. Applying a 1.8x P/S multiple (industry median), and discounting this value back 1 year at a 20% discount rate, a fair value of \$2.00, representing upside of 440% compared to the current market price of \$0.37.



## Additional Information

Auditor: KBL, LLP

Legal Counsel: Sichenzia Ross Friedman Ference LLP

Transfer Agent: Island Stock Transfer

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